PRINCE EDWARD ISLAND

REPORT OF THE COMMISSIONER APPOINTED PURSUANT TO THE LEGISLATIVE ASSEMBLY ACT TO INQUIRE INTO THE ADEQUACY OF THE INDEMNITIES, SALARIES AND ALLOWANCES FOR MEMBERS AND OFFICERS OF THE LEGISLATIVE ASSEMBLY AND THE ADEQUACY OF THE SALARIES FIXED FOR THE MEMBERS OF THE EXECUTIVE COUNCIL

HONOURABLE NORMAN H. CARRUTHERS
COMMISSIONER

DECEMBER 31, 1986

The Honourable Norman H. Carruthers
Chief Justice of Prince Edward Island

Supreme Court
Prince Edward Island

Sir Louis Henry Davies Law Courts
Charlottetown, P.E.I.
C1A 8B9

December 31, 1986

His Honour The Lieutenant Governor in Council
Province of Prince Edward Island

May It Please Your Honour:

I was appointed a Commission by Order-in-Council No. EC212/86 dated May 8, 1986, to inquire into the adequacy of the annual variation of indemnities, salaries and allowances paid to Members of the Legislative Assembly, the Speaker, Deputy Speaker, and Leader of the Opposition pursuant to s. 49 of the Legislative Assembly Act. I was also requested to inquire into the adequacy of the remuneration fixed for the Members of the Executive Council.

In fulfillment of the Commission assigned to me, I respectfully submit to Your Honour the report which accompanies this letter. I respectfully draw to your Honour's attention that s. 49(2) of the Legislative Assembly Act provides that a report such as this "shall be laid before the Legislative Assembly if then in session, or if not in session, within fifteen days after the commencement of the next ensuing session".

Yours sincerely,

Norman H. Carruthers
Commissioner

REPORT
OF

THE HONOURABLE NORMAN H. CARRUTHERS

COMMISISONER APPOINTED UNDER
THE PROVISIONS OF
THE LEGISLATIVE ASSEMBLY ACT

TO INQUIRE INTO THE ADEQUACY
OF THE ANNUAL VARIATION OF
INDEMNITIES, SALARIES AND ALLOWANCES
PAID TO MEMBERS OF THE LEGISLATIVE ASSEMBLY,
THE SPEAKER, DEPUTY SPEAKER, AND
THE LEADER OF THE OPPOSITION
AND THE ADEQUACY OF THE REMUNERATION
FIXED FOR THE MEMBERS OF THE
EXECUTIVE COUNCIL

DECEMBER 31, 1986

INTRODUCTION

By Order of His Honour the Lieutenant Governor in Council dated May 8, 1986, I was appointed a commission pursuant to the provisions of s. 49 of the Legislative Assembly Act, R.S.P.E.I. 1974, Cap. L-11.

Section 49 of the Legislative Assembly Act reads:

> 49(1) Within two months after the day fixed for return of writs for each general election the Lieutenant Governor in Council shall appoint a commission to inquire into the adequacy of the annual variation of indemnities, salaries and allowances paid to Members of the Legislative Assembly, the Speaker, Deputy Speaker and Leader of the Opposition, and to report thereon, within six months, to the Lieutenant Governor in Council with such recommendations as the commission considers appropriate.
>
> (2) A report under subsection (1) shall be laid before the Legislative Assembly if then in session or, if it is not in session, within fifteen days after the commencement of the next ensuing session.

The Order-in-Council appointing myself a commission pursuant to the foregoing provisions of the Legislative Assembly Act reads:

No. EC212/86

LEGISLATIVE ASSEMBLY ACT
COMMISSION OF INQUIRY
INTO THE
ADEQUACY OF INDEMNITIES, SALARIES AND ALLOWANCES
APPOINTMENT
HONOURABLE NORMAN H. CARRUTHERS

Pursuant to subsection 49(1) of the Legislative Assembly Act, R.S.P.E.I. 1974, Cap. L-11 Council appointed the Chief Justice of Prince Edward Island, Honourable Norman H. Carruthers to be a commission to inquire into the adequacy of the annual variation of indemnities, salaries and allowances paid to Members of the Legislative Assembly, the Speaker, Deputy Speaker, the Leader of the Opposition, and to report thereon, within six months, to the Lieutenant Governor in Council with such recommendations as the commission considers appropriate.

Further, Council requests the commission to inquire into the adequacy of the remuneration fixed for the Members of the Executive Council.

Douglas B. Boylan
Clerk of the Executive Council

BACKGROUND CONSIDERATIONS

This is the second report to be made under the provisions of the Legislative Assembly Act. The first report was submitted May 12, 1983, by the then Chief Justice of the Province, John P. Nicholson.

A resolution was passed at the 1st Session of the fifty-fifth General Legislative Assembly of the Province of Prince Edward Island in 1979 whereby a commission was established to examine and recommend on remuneration for Members of the Legislative Assembly, including the additional payments provided to the Speaker, Deputy Speaker and Leader of the Opposition.

The Commission inquired into and reported on four matters to the Speaker of the Legislative Asssembly on February 20, 1980. The four matters were:

> (1) The annual remuneration paid to Members of the Legislative Assembly;
>
> (2) The additional annual remuneration paid to the Speaker and Deputy Speaker of the Legislative Assembly;
>
> (3) The additional annual remuneration paid to the Leader of the Opposition, and
>
> (4) To recommend a formula whereby such remuneration would be regularly reviewed and increases made without the necessity of resorting to the legislative process on each increase.

A summary of the Commission's recommendations are found on p. 47 of the Report and they are set forth here for the sake of convenience.

SUMMARY OF RECOMMENDATIONS

The following is a summary of our recommendations:

(1) Each Member of the Legislative Assembly be entitled to an annual indemnity of $12,000 and an annual expense allowance of $6,000, effective January 1st, 1980, and to continue until December 31st, 1980.

(2) In addition to the indemnity and expense allowance paid to all Members, the Speaker be paid an annual salary of $5,000, together with an additional tax-free expense allowance of $2,000, effective January 1st, 1980 and to continue until December 31st, 1980.

(3) In addition to the indemnity and expense allowance paid to all Members, the Deputy Speaker be paid an annual salary of $2,500, together with an additional tax-free expense allowance of $1,000, effective January 1st, 1980, and to continue until December 31st, 1980.

(4) In addition to the indemnity and expense allowance paid to all Members, the Leader of the Opposition be paid an annual salary of $16,000, together with an additional tax-free expense allowance of $2,500, effective January 1st, 1980 and to continue until December 31st, 1980.

(5) All annual indemnities and expense allowance be subject to an indexing formula and varied each year and subject to a mandatory review by an independent commission appointed within two months after the day fixed for return of writs for each general election.

These recommendations were all acted upon by the Government of the day and enacted into law by An Act to Amend the Legislative Assembly Act, Stats. P.E.I. 1980, Cap. 32.

The first commission appointed under the amendments to the Legislative Assembly Act reported on May 12, 1983. That Report at p. 6 contains the following comment on the new provisions of the Legislative Assembly Act.

> The first matter to be considered on this inquiry is the effect of the indexing formula adopted and provided for by section 45 of the Legislative Assembly Act on the indemnities, salaries and allowances paid to the Members of the Legislative Assembly generally, and in particular to the Speaker, Deputy Speaker and the Leader of the Opposition. The provisions of section 49 of the Act restrict the inquiry to those particular matters.

The 1983 Commission stated its task on p. 9 of the Report as being:

> The question to be determined on this inquiry is whether or not such allowances are adequate and what formula for increasing such indemnities, salaries and allowances for the 56th (current) General Assembly should be adopted. It may well be that such indemnities, salaries and allowances are adequate and should

> be fixed at their present levels for the remainder of this General Assembly; or that some indexing formula other than the one now in force should be adopted to either increase or decrease the annual increases for each year of assembly.

One must recall the economic conditions that prevailed in Canada in the early 1980's in order to appreciate what took place in 1983 with respect to salary increases. The Government of Canada passed legislation on August 4, 1982, which suspended the previous indexing formula, and Members of Parliament and the Senate were subject to the "six and five" restraint program. At the provincial level, the government in 1983 embarked on a policy of severe fiscal restraint.

On March 29, 1983, the Premier of the Province made a speech in the Legislative Assembly dealing with the economic situation of the day. He stated during the speech:

> Madam Speaker, in concluding I would like to inform the members of media, members in the gallery, and public at large, that effective April 1, 1983, M.L.A.'s salaries will be rolled back to the 1982 level for a 12 month period and that a zero percent increase will govern the first 12 months effective, April 1, 1983 to the level of 1982 salaries.

The Compensation Review Act, Stats. P.E.I. 1983, Cap. 6 was passed in 1983 as well and it in effect imposed a two and three restraint program on the public sector which included employees of the public service, Crown agencies and corporations, school boards, U.P.E.I., Holland College, hospitals, nursing homes and addiction services.

It was against this background that the 1983 Report stated on p. 14:

> I have no doubt that the Members of the Assembly, the Speaker, Deputy Speaker and the Leader of the Opposition, as well as Ministers of the Government, should receive annual increases in the indemnities, salaries and allowances paid to them. However, harsh economic conditions throughout Canada generally, and this province in particular, make it apparent that, if increases are to be recommended for the years of the balance of the 56th General Assembly, such increases should not be in accordance with the indexing formula set out in section 45(2) of the Legislative Assembly Act. If the indexing formula is to be changed, as I think it should, then the Legislative Assembly Act will require amendments to reflect any changes which this inquiry may recommend if such recommendations are acted upon.

The 1983 Commission recommended that the 1982 levels of pay continue until March 31, 1984, which was in keeping with the stated intention of the Premier, and that for the twelve-month period commencing March 31, 1984, and each

twelve-month period thereafter during the remaining years of the 56th General Assembly the level of pay should be increased by five per cent.

The 1983 Commisison also made the following recommendation:

> (9) As soon as the economic conditions of the province will permit, the basic salary or allowance should be increased to not less than $18,000, and a tax-free expense allowance of one half the basic salary should be paid.

The Government did not adopt these recommendations concerning increases and the indexing formula set out in s. 45(2) of the Legislative Assembly Act was not amended, as recommended, but continued to be applied for the years 1984, 1985 and 1986. As a result, the following table shows the indemnities, allowances, etc. paid under the existing legislation for the year 1986.

INDEMNITIES AND ALLOWANCES, 1986

(A) MEMBERS OF THE LEGISLATIVE ASSEMBLY

Indemnity (taxable).....	$16,400	
Expense allowance (non-taxable) ...	7,400	
TOTAL		$23,800

(B) SPEAKER

As an M.L.A.	$23,800	
Salary (taxable)	6,900	
Expense allowance (non-taxable)	2,500	
TOTAL		$33,200

(C) DEPUTY SPEAKER

As an M.L.A.	$23,800	
Salary (taxable)	3,500	
Expense allowance (non-taxable) ..	1,300	
TOTAL		$28,600

(D) LEADER OF THE OPPOSITION

As an M.L.A.	$23,800	
Salary (taxable)	22,000	
Expense allowance (non-taxable) ..	3,100	
TOTAL		$48,900

It is against this foregoing background that I will make recommendations for the remaining years of the 57th General Assembly.

THE M.L.A. AND THE LEGISLATIVE ASSEMBLY

It would be difficult for any Commission to determine the adequacy of the present remuneration paid to M.L.A.s unless it has a fair understanding of what is done by an M.L.A. and what is expected of them by their constituents.

The 1980 Report sets out in detail the work and duties of Members of the Legislative Assembly and I do not intend to repeat that material here. I would add that it is difficult to assess with much degree of accuracy an M.L.A.'s exact workload as this appears to vary considerably from individual to individual. The 1980 Report also deals with the changing role of government over the years and explains how it is much more complex today.

I have interviewed many of the present M.L.A.s as well as former M.L.A.s. I have had the benefit of the experience and knowledge of the Clerk Assistant of the Legislative Assembly and Clerk of the Executive Council, Douglas Boylan. I invited public participation as well but no one saw fit to accept the invitation to appear at a public meeting. I did, however, receive several written responses from members of the public.

Some people have the perception that a M.L.A.'s responsibility ends with the closing of the annual session of the Legislative Assembly. But this is really only one of an M.L.A.'s two main functions. The other, in addition to representing the people of the province in the legislative process, is described in the 1980 Report at p. 20 in this manner:

> In this province a member of the Assembly is called upon to act as a sort of ombudsman for his constitutents. Particular concerns of individual constituents occupy much of a Member's time. In recent years with the growth of laws and regulations at all levels of government, this function is expected as a matter of right by the citizens.

This role or function varies from one district to another in this Province as they vary in size, population, economic circumstances, social standards, etc.

Practically all of the non-ministerial M.L.A.s are involved in other occupations but some find it more difficult to be engaged in another occupation as their constitutents expect them to be available on a full-time basis. The general reaction I received would not lead me to conclude that an M.L.A.'s position is a full-time responsibility which would preclude them from being engaged in another occupation at the same time.

A recent development which undoubtedly will have an impact on the life of an M.L.A. is the Conflict of Interest Act, Stats P.E.I. 1986, Cap. 9, passed at the last session of the Legislative Assembly.

Another important aspect of the life of an M.L.A. is the uncertain aspect of the tenure of legislative office. Perhaps the uncertainty of the office is the most certain aspect of political life. This is an aspect which must be considered as a term, as an M.L.A. can, in some instances, be a very disruptive influence on a member's private vocation.

Canadian Legislatures, The 1986 Comparative Study by Robert J. Fleming contains the following tables on p. 73.

YEARS OF SERVICE - PRINCE EDWARD ISLAND

YEARS OF SERVICE	1986 ELECTION	
Newly elected, 1986	9	(28.3%)*
1-5 years	10	(31.2%)
6+ years	13	(41.9%)

(* This figure appears high by 2 which were first elected in 1985 by-elections)

The average member has served just less than six years which indicates the uncertainty of the position.)

EDUCATIONAL BACKGROUND - PRINCE EDWARD ISLAND

EDUCATIONAL LEVEL	1986 ELECTION	1982 ELECTION
Secondary	14 (43.8%)	13 (40.6%)
Post-secondary	12 (37.6%	7 (21.9%)
Post-Graduate	5 (15.6%)	7 (21.9%)
No Information	1 (3.1%)	5 (15.6%)

This table shows that the majority of the M.L.A.s have post-secondary education with five having post-graduate degrees.

M.L.A.S' REMUNERATION

The 1980 Report on p. 33 sets forth certain principles, adopted from a Nova Scotia Report, as being fair and reasonable principles to be followed in determining what the remuneration should be for an M.L.A. I believe it is worthwhile to restate those principles here. They are:

> (1) Remuneration should be adequate in light of the time and responsibilities involved in office, and the risks of disruption of career and personal opportunities so that our political parties and their leaders, upon whom parliamentary government depends, may attract the most able persons among us to seek office and not deter the best of those elected from accepting and continuing full-time service in government;

> (2) remuneration should be reasonable so that the person who has no personal financial resources except through his vocational earnings, which may be terminated or seriously affected if he is elected, is not dissuaded from seeking office to serve the province merely because of financial circumstances;
>
> (3) remuneration should be adequate to ensure that M.L.A.s and Ministers are supported without unfair financial sacrifice upon them or their families, particularly for those in their prime earning years when family and other obligations are likely to be heavy.

In order to determine whether the present remuneration meets the above principles and in order for the public to have a proper understanding about the remuneration and benefits paid to an M.L.A., it is necessary to set forth in some detail the system now in place.

INDEMNITY

An M.L.A. received an indemnity or salary of $16,400 in 1986. This indemnity is subject to a yearly adjustment as provived by s. 45(2) of the Legislative Assembly Act. The 1986 increase over the 1985 indemnity of $15,600 was $800 or 5.13% increase.

EXPENSE ALLOWANCE

An M.L.A. received an expense allowance of $7,400 in 1986. This expense allowance is subject to a yearly

adjustment as provided by s. 45.1(2) of the Legislative Assembly Act. The 1986 increase over the year 1985 was $200 or 2.78%. This expense allowance is paid in full to every M.L.A. and is non-taxable.

The indemnity and the expense allowance combined are often referred to as an M.L.A.'s salary. The combined total for 1986 was $23,800 or an increase of 4.39% over the 1985 figures of $22,800.

The following table shows the indemnity and expense allowance paid to an M.L.A. for the years 1979-86.

YEAR	INDEMNITY	EXP. ALL.	TOTAL	% INCREASE
1979	$10,000	$5,000	$15,000	
1980	12,000	6,000	18,000	20.00
1981	12,800	6,300	19,100	6.11
1982	13,700	6,600	20,300	6.28
1983	13,950	6,675	20,625	1.60
1984	14,600	6,900	21,500	4.24
1985	15,600	7,200	22,800	6.05
1986	16,400	7,400	23,800	4.39

The 1980 increase was as a result of the 1980 Report and all other increases since then are as a result of the indexing formula contained in the Legislative Assembly Act with the exception of the year 1983 which is explained on p. 6 supra.

The following table shows the general pay increases between Government and the Union of Public Sector Employees for the same period.

FISCAL YEAR APRIL 1 TO MARCH 31	PAY INCREASE
1979-1980	The greater of 7.8% or $850
1980-1981	The greater of 8% or $865
1981-1982	$625 + 8.2%
1982-1983	10.55%
1983-1984	10%
1984-1985	$520
1985-1986	$870
1986-1987	4.2%

The following table shows the indemnity and expense allowance paid to an M.L.A. for the year 1986 in the various Canadian Provinces. (These figures may be subject to a slight change, i.e. fiscal year instead of calendar year.)

Prince Edward Island	$23,800
Nova Scotia	37,655
New Brunswick	42,896
Newfoundland	39,403
Quebec	50,290
Ontario	50,183
Manitoba	36,204
Saskatchewan	31,452
Alberta	33,034
British Columbia	40,047

This table clearly illustrates that M.L.A.s in this Province are paid the lowest of all the Canadian Provinces and are considerably lower than the other Atlantic Provinces which have, in the past, been accepted as a fair basis of comparison. The 1983 Report stated that some difference between Nova Scotia and Prince Edward Island may be justified, but the disparity in favour of Nova Scotia members should not be too great. It is difficult, however,

to place much real value in the above comparisons as one must remember that the complete range of indemnities and allowances would have to be compared in order to get a fair and accurate assessment of M.L.A.s in the different provinces.

The Canadian Legislatures, The 1985 Comparative Study by Fleming and Wiebe provides such a study. It states on p. 23:

> Each one of the legislative jurisdictions in Canada determines the most appropriate way of reimbursing its elected representatives while some legislatures place more importance on actual remuneration, others have devised elaborate systems of allowances to enable their members to travel throughout their constituencies. This is especially the case in larger provinces where ridings are significantly removed from the capital. Different combinations of monetary and non-monetary entitlements are utilized in order that members may be able to fulfill the duties and responsibilities incumbent upon them both within their ridings and at the legislature.

Nova Scotia, for example, increased the indemnity paid to M.L.A.s and did away with remuneration for committee work except in certain circumstances. This is one of the reasons for the large difference between the indemnity paid to Nova Scotia and Prince Edward Island M.L.A.s.

The publication of the Pay Research Bureau entitled Remuneration of Elected Officials 1985 is another good source of comparative information.

TRAVEL ALLOWANCE

All M.L.A.s, except members of the Executive Council and the Leader of the Opposition, receive a travel allowance for each sitting day of the Legislative Assembly and in addition receive a travel allowance for three round trips from their residence to Charlottetown for each month that the Legislative Assembly is not in session. The rate in 1986 was 24.9¢/km. They also receive the travel allowance for attendance at meetings of standing or special committees of the Legislative Assembly when the Legislative Assembly is not in session. The travel allowance paid to some M.L.A.s in 1986 exceeds $2,000.

PER DIEM ALLOWANCE

All M.L.A.s, except members of the Executive Council and the Leader of the Opposition, who are appointed to a standing or special committee of the Legislative Assembly and attend meetings when the Legislative Assembly is not in session receive a per diem allowance of $75. The per diem allowance paid to some M.L.A.s in 1986 exceeds $1,800.

MEAL ALLOWANCE

All M.L.A.s, except members of the Executive Council and the Leader of the Opposition, receive $10 per sitting day when the Legislative Assembly is in session and $25 per diem for committee meeting attendance when the Legislative Assembly is not in session for meal allowance. The meal allowance paid to some M.L.A.s in 1986 exceeds $600.

PRIVATE LINE TELEPHONE SERVICE

All M.L.A.s receive a subsidy to equalize the cost of basic private line telephone service in their residences to the lowest existing rate in the Province. The amount varies depending on the distance an M.L.A. lives from a telephone exchange. The higest amount paid to an M.L.A. in 1986 was $239.40.

POLICY BOARD

The Policy Board is established pursuant to the provisions of the Executive Council Act, R.S.P.E.I. 1974, Cap. E-10.1. There are three non-ministerial members of this Board. Their remuneration is fixed by the Lieutenant Governor in Council. One of these non-ministerial members receives $10,000 and the other two receive $7,500.

PENSION

The pension benefits available to an M.L.A. are outside my jurisdiction as far as this Report is concerned but I feel it is important to include some reference to the pension benefits as they do have an impact on the overall situation. The pension is established under the Legislative Assembly Retirement Allowances Act, R.S.P.E.I. 1974, Cap. L-12. The M.L.A.s pay 6.5% of their indemnity, expense allowance, per diem allowance for committee work and remuneration received as a member of any board or committee established under the Executive Council Act. In order to be eligible for the pension a member must serve eight or more years or two complete General Assemblies and have attained the age of fifty years. The amount of the annual pension is equal to seventy-five percent of the member's total contributions provided that it shall not exceed the average indemnity received during the last five years of service.

SEVERANCE ALLOWANCE

There is no provision at the present time in this Province for the payment of a severance allowance to an M.L.A. I believe the only jurisdictions that may have a severance allowance provision are the House of Commons, Ontario, Quebec, and Nova Scotia.

Canadian Legislatures, The 1985 Comparative Study makes the following comment on p. 32 with respect to severance allowance:

> Since last year, no jurisdiction has established or altered the severance allowance provisions. The level of severance pay varies from 1/4 of the sessional indemnity in Nova Scotia; to 1/2 of the sessional indemnity in Ontario; to 1/2 of all the indemnities in the House of Commons; to a formula based on 2 times the monthly salary for each year of service in Quebec. In the House of Commons the severance allowance is not available to those members who receive a pension as an M.P.

The 1986 Canadian Legislatures Comparative Study points out that Ontario has changed its provision for the payment of severance allowances to members from 1/2 of the sessional indemnity to one month's pay per year of service with a floor of six months and a ceiling of twelve months.

The 1986 Nova Scotia Commission of Inquiry Report has the following comment on p. 30:

> If the House of Assembly is dissolved or ended by the passage of time a former member who does not become a member in the next House of Assembly is however entitled to a severance allowance in the amount of one-quarter of his annual indemnity.

I believe it is time that the matter of severance allowance be seriously considered for this Province but it is a matter which obviously requires considerable study and attention before any meaningful recommendation can be made on the implementation of a severance allowance. I therefore recommend that future commissions ought to consider what has been done in other jurisdictions and determine whether it is appropriate to recommend a severance allowance for Members of the Legislative Assembly.

I must now decide if the present remuneration for an M.L.A. is adequate and reasonable and if not then what increase should be considered at this time. Many of the present indicators would seem to indicate that 1987 will be a year of continuing restraint. The Conference Board of Canada has predicted that for the first time in five years employees in general cannot expect salary increases in 1987 above the rate of inflation. (See The Globe and Mail Report on Business, B3, October 31, 1986.) The pay increase already negotiated between Government and Union of Public Sector Employees in this Province for 1987-1988 is 4%. I believe the following statement of the Minister of Finance, The Honourable Gilbert R. Clements, contained in his Budget Speech delivered June 26, 1986, is also relevant:

> Mister Speaker, our new Government has begun the slow, but steady process of returning fiscal integrity to the operations of the Prince Edward Island Government. To be truly successful, the involvement and co-operation of all Islanders will be an essential component in this task. I am confident that if we provide open and fair Government, Islanders will be prepared to give of their all to see our Province progress and advance in the years ahead. I firmly believe we can do no less for ourselves and, more importantly for our children and for succeeding generations of Prince Edward Islanders.

I would also refer to a story in the Guardian newspaper, October 21, 1986, entitled "Clements Raises Issue of Act, Grants Program" and in particular to the following portion:

> Mr. Clements said that he was raising the municipal grants issue in the context of the province's 'very difficult financial position'.
>
> He noted that recent government efforts to bring things under control include the recently established Program and Expenditure Review Commission, set up to advise on ways to reduce costs and priorize expenditures, and a recent step to substantially limit the practice of funding unbudgeted items through the provision of 'special warrants'.

I would also refer to the following comment contained in a response I received from the general public which I believe is relevant:

> A person who aspires to a public office should not be doing so mainly for personal gain, but rather to serve his fellow man. Somehow, there has to be a balance between a reasonable level of remuneration for elected officials and salaries that are considered excessive.

The 1983 Report submitted by Chief Justice John P. Nicholson contained, among others, the following recommendation:

> As soon as the economic conditions of the province will permit, the basic salary or allowance should be increased to not less than $18,000, and a tax free expense allowance of one half the basic salary should be paid.

As I have indicated earlier this recommendation has never been adopted and the present indemnity and allowance is considerably below the recommended amount. After careful consideration of the various factors and principles which I have referred to, I believe the present indemnity and expense allowance should be increased and I make the following recommendation:

> Effective January 1, 1987, each M.L.A. be entitled to an annual indemnity of $18,000 and an annual expense allowance of $9,000 for a total combined amount of $27,000 for the year 1987.

I believe that this is a fair, reasonable and adequate remuneration for the year 1987 for Members of the Legislative Assembly.

THE SPEAKER'S REMUNERATION

The Speaker of the Legislative Assembly occupies an important role in the legislative process. The Legislative Assembly Act sets forth his duties in s. 3(3) as follows:

> 3(3) The Speaker or Deputy Speaker shall preside at all meetings of the Legislative Assembly.

The Speaker has many more responsibilities which are not set forth in legislation but have become his responsibility by tradition over the years. He is responsible for the overall administrative operation of the Legislative Assembly and has considerable responsibility while the Assembly is in session. The Speaker is the Chairman of the Standing Committee on Internal Economy which is responsible for the financial management of the Legislative Assembly. He also performs many functions when the Assembly is not in session as representing the Province as host to visiting dignitaries to the Province.

The Speaker receives an additional remuneration of $6,900 per annum and an additional expense allowance of $2,500 for a total amount of $33,200. In addition, he is provided with a motor vehicle but must submit expense claims for the operation of same.

The following table shows the amount of money paid to the Speaker for the years 1979-86:

YEAR	AS M.L.A.	SPEAKER'S SALARY	EXPENSE ALLOWANCE	TOTAL
1979	$15,000	$2,000	$1,000	$18,000
1980	18,000	5,000	2,000	25,000
1981	19,100	5,400	2,100	26,600
1982	20,300	5,800	2,200	28,300
1983	20,625	5,900	2,225	28,750
1984	21,500	6,175	2,275	29,950
1985	22,800	6,600	2,400	31,800
1986	23,800	6,900	2,500	33,200

The 1980 Report contained a number of matters which that Commission felt should be examined by the Government at an early date. Three of these were:

> A review of the role and jurisdiction of the Speaker and Deputy Speaker.
>
> A review of the administration of the Legislative Assembly.
>
> A review and revision of the Legislative Assembly Act.

I do not believe that any of these reviews have been conducted to date. I am of the view that they should be done as soon as possible so that the actual present day role of the Speaker and the Deputy Speaker will be much clearer than it is now.

I am of the view that the increase I have recommended for an M.L.A.'s indemnity and expense allowance together with the present salary and expense allowance paid to the Speaker is a fair and reasonable remuneration for the Speaker for 1987 and I make the following recommendation:

In addition to the indemnity and expense allowance paid to the Speaker of the Legislative Assembly as an M.L.A., an additional salary at the 1986 level of $6,900 together with an additional expense allowance at the 1986 level of $2,500 be paid to the Speaker for the year 1987, commencing January 1, 1987, which will make a total remuneration of $36,400.

THE DEPUTY SPEAKER'S REMUNERATION

The Deputy Speaker assists the Speaker and usually presides when the Assembly sits as a Committee of the Whole House. In the absence of the Speaker he has all the powers, privileges and duties of the Speaker.

The Deputy Speaker receives an additional remuneration of $3,500 per annum and an additional expense allowance of $1,300 for a total amount of $28,600.

The following table shows the amount of money paid to the Deputy Speaker for the years 1979-1986:

YEAR	AS M.L.A.	D/SPEAKER'S SALARY	EXPENSE ALLOWANCE	TOTAL
1979	$15,000	$1,000	$ 500	$16,500
1980	18,000	2,500	1,000	21,500
1981	19,100	2,700	1,100	22,900
1982	20,300	2,900	1,200	24,400
1983	20,625	2,950	1,225	24,800
1984	21,500	3,125	1,275	25,900
1985	22,800	3,300	1,300	27,400
1986	23,800	3,500	1,300	28,600

The comments I made with respect to the Speaker's remuneration apply to the Deputy Speaker as well and I make the following recommendation:

In addition to the indemnity and expense allowance paid to the Deputy Speaker of the Legislative Assembly as an M.L.A., an additional salary at the 1986 level of $3,500 together with an additional expense allowance at the 1986 level of $1,300 be paid to the Deputy Speaker for the year 1987 commencing January 1, 1987, which will make a total remuneration of $31,800.

THE LEADER OF THE OPPOSITION - REMUNERATION

The Leader of the Opposition is a well recognized position in our parliamentary system of government and in most Canadian Provinces receives the same remuneration as a Cabinet Minister. This Province is an exception as the Leader of the Opposition receives something less than a Cabinet Minister while in Ontario the Leader of the Opposition receives more than a Cabinet Minister.

In 1986 the Leader of the Opposition received a total of $48,900 made up as follows: $23,800 as an M.L.A.; $22,000 salary as Leader of the Opposition, and $3,100 expense allowance as Leader of the Opposition. The Leader of the Opposition as of 1986 is entitled to a motor vehicle on the same basis as a Cabinet Minister but the present Leader of the Opposition has not accepted same to date. It would seem to me that the expense allowance of $3,100 paid to the Leader of the Opposition should be abolished once the motor vehicle is accepted.

I am of the opinion that the Leader of the Opposition should receive the same remuneration and benefits as a Cabinet Minister and I make the following recommendation:

> In addition to the indemnity and expense allowance paid to the Leader of the Opposition as an M.L.A., an annual salary of $33,000 be paid to the Leader of the Opposition for the year 1987, commencing January 1, 1987, which will make a total remuneration of $60,000.

FORMULA FOR REGULAR REVIEW OF REMUNERATION PROVIDED FOR MEMBERS OF LEGISLATIVE ASSEMBLY, SPEAKER, DEPUTY SPEAKER AND LEADER OF THE OPPOSITION

The 1980 Report recommended that an indexing formula be put in place so that the remuneration could be adjusted annually without the necessity of an independent commission each year. It also recommended that the annual indexing be subject to a periodic review by an independent commission. The government adopted the recommendation and the indexing formula is found in s. 45(2) of the Legislative Assembly Act:

> 45(2) For the year commencing January 1, 1981, and for each year thereafter there shall be paid to each Member of the Legislative Assembly an indemnity at the rate per annum that is obtained by multiplying the indemnity for the year immediately preceding the year in respect of which the indemnity is to be determined by the lesser of

> (a) the percentage that the Industrial Aggregate for the first adjustment year is of the Industrial Aggregate for the second adjustment year; and
>
> (b) one hundred and seven per cent.
>
> rounded to the closest multiple of one hundred dollars.

This formula also applies to the expense allowance as well less two percentage points rounded to the closest multiple of one hundred dollars.

The formula has been applied for the years 1981, 1982, 1984, 1985 and 1986 with the results shown in the table on p. 14. I am satisfied, that given the economic situation of those years, the indexing formula has worked well and I make the following recommendation with respect to the indexing formula:

> The indexing formula now provided in the Legislative Assembly Act be retained in its present form and be applied in the year 1988 and the following years during the life of the 57th General Assembly.

MEMBERS OF THE EXECUTIVE COUNCIL - REMUNERATION

The second part of the Order of His Honour the Lieutenant Governor in Council dated May 8, 1986, reads:

> Further, Council requests the commisison to inquire into the adequacy of the remuneration fixed for the Members of the Executive Council.

Section 1 of the Executive Council Act reads:

> 1. There shall be an Executive Council of the province consisting of the Premier, who may be President of the Executive Council, and not less than seven or more than ten other persons appointed by the Lieutenant Governor on the advice of the Premier.

The Executive Council is what is commonly known as the Cabinet and the Members of the Executive Council, other than the Premier, are commonly known as Cabinet Ministers. The Members of the Executive Council are paid a remuneration in addition to what they receive as an M.L.A. and this is provided for by s. 4(1) of the Executive Council Act, which reads:

> 4(1) The Lieutenant Governor in Council may, by Order in Council, fix the remuneration of Members of the Executive Council.

This is the manner in which their remuneration has always been fixed in the past. One of the matters which the 1980 Commission Report said should be examined by the government at an early date is the method of establishing remuneration paid to the Premier and Members of the Executive Council. I am not aware of any legislative

changes in this regard and while this aspect of the Order of His Honour the Lieutenant Governor in Council is without legislative authority, I agreed to inquire into the adequacy of their remuneration.

I do not think there is any question of the fact that the Members of the Executive Council have a full-time job. They receive a salary in addition to the indemnity and expense allowance they receive as an M.L.A.

The following table shows the amount of remuneration paid to the Premier and Cabinet Ministers for the years 1979-1986:

YEAR	AS M.L.A.	PREMIER'S SALARY	TOTAL	CABINET SALARY	TOTAL
1979	$15,000	$29,000	$41,000	$19,000	$34,000
1980	18,000	32,000	50,000	22,000	40,000
1981	19,100	34,000	53,100	24,000	43,100
1982	20,300	37,400	57,700	26,400	46,700
1983	20,625	37,400	58,025	26,400	47,025
1984	21,500	39,270	60,770	27,720	49,220
1985	22,800	41,650	64,450	29,400	52,200
1986	23,800	41,650	65,450	29,400	53,200

In addition, the Members of the Executive Council are all provided with a motor vehicle and have a credit card arrangement for their vehicle expense and other expenses as well.

Canadian Legislatures, The 1986 Comparative Study states that the House of Commons and Prince Edward Island remain the only jurisdictions which do not provide a specific accommodation allowance for Members. It is my

understanding that the Province does not provide a specific accommodation allowance for M.L.A.s but, in fact, does provide some sort of an accommodation allowance for some Members of the Executive Council. I am not aware of any statutory provision which covers this allowance.

The figures in the following table have been taken from Canadian Legislatures, The 1986 Comparative Study. They are for the year 1986.

PROVINCE	TOTAL PREMIER	TOTAL CABINET MINISTERS
Prince Edward Island	$ 65,450	$53,200
Nova Scotia	79,330	69,955
New Brunswick	84,770	70,813
Newfoundland	80,700	68,574
Quebec	104,630	87,910
Ontario	92,899	74,807
Manitoba	62,715	56,734
Saskatchewan	69,108	59,779
Alberta	80,803	71,930
British Columbia	76,527	71,330

This table shows that only one province pays their Premier less than Prince Edward Island and the Cabinet Ministers are the lowest paid of all ten provinces. But perhaps more important is the disparity with the other Atlantic Provinces. If Nova Scotia is used as somewhat of a guide for M.L.A.s, then it should also be a useful comparison for Members of the Executive Council.

I am not aware of any universally accepted formula approach to the question of determining what is a fair and reasonable remuneration for Members of the Executive

Council. The public have, however, entrusted these people with the responsibility of safeguarding the interests of the province and its citizens and they must receive a remuneration which will enable them to ensure that our heritage of representative and responsible government continues to flourish. I believe the level of remuneration paid to Members of the Executive Council should be increased and I make the following recommendations:

> In addition to the indemnity and expense allowance paid to the Premier as an M.L.A., an annual salary of $43,000 be paid to the Premier for the year 1987, commencing January 1, 1987, which will make a total remuneration of $70,000.
>
> In addition to the indemnity and expense allowance paid to a Cabinet Minister as an M.L.A., an annual salary of $33,000 be paid to a Cabinet Minister for the year 1987, commencing January 1, 1987, which will make a total remuneration of $60,000.

SUMMARY OF RECOMMENDATIONS

The following is a summary of my recommendations:

1. Effective January 1, 1987, each M.L.A. be entitled to an annual indemnity of $18,000 and an annual expense allowance of $9,000 for a total combined amount of $27,000 for the year 1987.

2. In addition to the indemnity and expense allowance paid to the Speaker of the Legislative Assembly as an M.L.A., an additional salary at the 1986 level of $6,900 together with an additional expense allowance at the 1986 level of $2,500 be paid to the Speaker for the year 1987, commencing January 1, 1987, which will make a total remuneration of $36,400.

3. In addition to the indemnity and expense allowance paid to the Deputy Speaker of the Legislative Assembly as an M.L.A., an additional salary at the 1986 level of $3,500 together with an additional expense allowance at the 1986 level of $1,300 be paid to the Deputy Speaker for the year 1987 commencing January 1, 1987, which will make a total remuneration of $31,800.

4. In addition to the indemnity and expense allowance paid to the Leader of the Opposition as an M.L.A., an annual salary of $33,000 be paid to the Leader of the Opposition for the year 1987, commencing January 1, 1987, which will make a total remuneration of $60,000.

5. The indexing formula now provided in the Legislative Assembly Act be retained in its present form and be applied in the year 1988 and the following years during the life of the 57th General Assembly.

6. In addition to the indemnity and expense allowance paid to the Premier as an M.L.A., an annual salary of $43,000 be paid to the Premier for the year 1987, commencing January 1, 1987, which will make a total remuneration of $70,000.

7. In addition to the indemnity and expense allowance paid to a Cabinet Minister as an M.L.A., an annual salary of $33,000 be paid to a Cabinet Minister for the year 1987, commencing January 1, 1987, which will make a total remuneration of $60,000.

CONCLUSIONS

I wish to record my gratitude to everyone who assisted me during this Inquiry. I have noted that the 1980 and 1983 Commissions have made certain suggestions which they felt should be examined by the government at an early date. Many of these suggestions have not been examined to date. I firmly believe that these matters should be followed up as soon as possible in order that future commissions may be in a better position to assess more accurately the complete situation. I am going to restate many of those suggestions here together with a few of my own:

1. A review of the administration of the Legislative Assembly;

2. A review of the role and jurisdiction of the Speaker and Deputy Speaker;

3. A review of the duties and responsibilities of Members of the Executive Council;

4. A review and revision of the Legislative Assembly Act;

5. A review of support services provided Members of the Legislative Assembly, both while the House is in session and throughout the year;

6. A review of support services provided to the Opposition, both while the House is in session and throughout the year;

7. A review of all Committee work done by the Members of the Legislative Assembly and whether remuneration for Committee work should be abolished in favour of a proper indemnity to cover all aspects of the workload of an M.L.A.;

8. A study of whether or not a severance allowance should be provided for Members of the Legislative Assembly and if so on what terms and conditions;

9. A review of the method of establishing remuneration paid to the Premier and Members of the Executive Council;

10. A review of the present legislation dealing with this Commission to determine what is to happen to any recommendations made by a Commission.

A list of the material considered by me in doing this Inquiry is set forth in Appendix "A".

Respectfully submitted this 31st day of December, 1986.

Commissioner

To: His Honour The Lieutenant Governor in Council
Province of Prince Edward Island

APPENDIX "A"

MATERIALS REVIEWED AND CONSIDERED

1. Order-in-Council of May 8, 1986, appointing this Commission of Inquiry.

2. Report of the Commisison on Remuneration for Members of the Legislative Assembly (P.E.I.), February 20, 1980.

3. Report of the Commission on Remuneration for Members of the Legislative Assembly (P.E.I.), May 12, 1983.

4. House of Assembly Nova Scotia Report Commission of Inquiry on Remuneration of Elected Provincial Officials, December 1, 1986.

5. Budget Speech delivered on June 26, 1986 by The Honourable Gilbert R. Clements, Minister of Finance.

6. Legislative Assembly Act, R.S.P.E.I. 1974, Cap. L-11.

7. Executive Council Act, R.S.P.E.I. 1974, Cap. E-10.1.

8. Remuneration of Elected Officials 1985, (Pay Research Bureau, Canada).

9. Canadian Legislatures, The 1986 Comparative Study.

10. Canadian Legislatures, The 1985 Comparative Study.

11. Statistical Information from Department of Finance on M.L.A.s salaries and expenses.

12. Statistical Information from Executive Council Office.

13. The Globe and Mail, October 31, 1986. Report on Business (Lower wage increases seen for '87).

14. The Charlottetown Guardian, October 21, 1986, (Clements Raises Issue of Act, Grants Program).

15. Statistical Information from Prince Edward Island Union of Public Sector Employees.

16. Legislative Assembly Retirement Allowances Act, R.S.P.E.I. 1974, Cap. L-12.